

Message Text

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11

ACTION EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 PA-01 PRS-01 AGR-05 /059 W

----- 105372

R 120852Z JUL 76

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 3953

INFO AMEBASSY BANGKOK

AMEMBASSY MANILA

AMEMBASSY JAKARTA

AMEMBASSY SINGAPORE

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E.O. 11652: N/A

TAGS: ECON, MY

SUBJECT: MALAYSIAN EXPORT SECTOR EXPERIENCING STRONG RECOVERY

1. CENTRAL BANK PRELIMINARY FIRST QUARTER 1976 FIGURES INDICATE STRONG RECOVERY OF MALAYSIAN EXPORT SECTOR (45 PERCENT OF GNP).

2. VALUE OF FIRST QUARTER EXPORTS COMPARED TO SAME PERIOD ONE YEAR AGO SHOW: RUBBER UP 66 PERCENT, TIN DOWN 17 PERCENT, PALM OIL DOWN 19 034:3,5, SAW LOGS UP 59 PERCENT, MANUFACTURED GOODS UP 540 PERCENT. TOTAL EXPORTS UP 35 PERCENT TO M\$2797 MILLION WITH TOTAL IMPORTS UP 8 PERCENT TO M\$2210 MILLION RESULTING IN M\$587 MILLION TRADE SURPLUS, LARGEST EVER RECORDED.

3. MANUFACTURING INDEX UP 23 PERCENT FIRST QUARTER OVER YEAR AGO.

4. PRESENT INFLATION RATE ON ANNUAL BASIS 1.2 PERCENT. RATE EXPECTED TO INCREASE TO PERHAPS 4 PERCENT ANNUAL BASIS BY YEAR END.

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5. COMMENT: FAVORABLE FIRST QUARTER TRADE ACCOUNT BAISCALLY
REFLECTS INCREASING DEMAND FOR COMMODITIES AS DEVELOPED
COUNTRIES EMERGE FROM RECESSION, ALTHOUGH COMMODITY
PRICE INCREASES INCLUDE ELEMENT OF SPECULATION RESULTING
FROM UNCERTAINTY OVER BRITISH POUND. TRADE SURPLUS SHOULD
NARROW IN SECOND HALF AS IMPORTS INCREASE BUT OVERALL
SURPLUS FOR 1976 SEEMS LIKELY. STRONG SHOWING IN EXPORT
SECTOR OF COURSE VERY HELPFUL IN PROVIDING GOVERNMENT
REVENUES THROUGH EXPORT DUTIES AND CESS FOR FINANCING OF
DEVELOPMENT PLAN. ALSO TIMELY IN RETAINING EXCELLENT
CREDIT STANDING FOR ADDITIONAL MARKET BORROWINGS, IF NEEDED.
UNDERHILL

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC RECOVERY, EXPORTS, TRADE
Control Number: n/a
Copy: SINGLE
Draft Date: 12 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: SmithRJ
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KUALA03981
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760267-0779
From: KUALA LUMPUR
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760769/aaaacift.tel
Line Count: 73
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: SmithRJ
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAY 2004 by ElyME>; APPROVED <23 SEP 2004 by SmithRJ>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MALAYSIAN EXPORT SECTOR EXPERIENCING STRONG RECOVERY
TAGS: ECON, MY
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006